(c) if so, what steps Government propose to take for a free and fair play for luxury goods in India as well as for opening of the market for FDI?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) As a part of continuing process the Government has brought about a moderate, rational and simplified tax structure. The peak rate of customs duty for non-agricultural products, including most luxury goods, has been reduced gradually and in 2007-08, the rate is 10 per cent. items of luxury goods attracting higher customs duty include, *inter-alia,* essential oils (20%), mineral water/lemonade (30%), wines (150%).

(c) As per extant policy, Foreign Direct Investment (FDI) up to 51% is permitted with prior Government approval in ratail trade of Single Brand products including in luxury goods. Government has till date approved 29 proposals under this policy which include international luxury brands such as Louis Vuitton, Zegna, Fendi, Dolce & Gabbana, Lladro, Christian Dior, Crocs, Diesel, Cartier etc.

Hike in FDI limit for health insurance sector

3122. SHRI RAMDAS AGARWAL; Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government proposes to hike the Foreign Direct Investment (FDI) limit from the present 26 per cent to 49 per cent as well as allow exemption of Service-Tax for growth of Health Insurance Sector;

(b) if so, the details thereof;

(c) whether Government feels that this would help to further deepen the Indian Insurance Market; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) to (d) On the recommendations of the Law Commission/K.P. Narasimhan Committee and Insurance Regulation and Development Authority (IRDA), there is a proposal to amend the Insurance Laws including enhancement of Foreign Direct Investment (FDI) in insurance companies from 26% to 49%. The matter is under consideration of the Government.

EU directive on level of pesticides residues in processed food

3123. DR. M.A.M. RAMASWAMY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the European Union (EU) has in a recent directive to its member countries amended certain annexes to earlier Council Directives with regard to maximum permissible levels for pesticide residues in processed agri crops, fruits, vegetables and tea among others;

(b) if so, the details of pesticides which are proposed to be regulated; and

(c) the effect on India's export to European Union countries due to the fresh directives?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH: (a) and (b) Yes, Sir. The EU has published Commission Regulation (EC) No. 149/2008 of 29th January, 2008 amending Regulation (EC) No. 396/2005 of the European Parliament and of the Council by establishing Annexes II, III and IV setting maximum residue levels for products of plant and animal origins. Details of the Regulations and pesticides proposed to be regulated are available at the European Commission's website *www.ec.europa.eu.*

(c) Due to amendment in EU's directives, India's export to the EU could be adversely affected, until such time, the following are put in place:

— Good Agricultural Practices

— Residue monitoring plans

— Strengthening of laboratories

— Good Manufacturing Practices, HACCP etc. in the processing units

Setting up of industries in Arunachal Pradesh by Chinese companies

†3124. SHRI SHREEGOPAL VYAS:
SHRI BALAVANT *ALIAS* BALAPTE:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Chinese companies are being allowed to set up industries in Arunachal Pradesh;

(b) if so, whether Ministry of Defence has been consulted; and

(c) the role of Ministry of External Affairs in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) Policy on Foreign Direct Investment (FDI) is incorporated in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified under the Foreign Exchange Management Act (FEMA), 1999. These regulations indicate the countries from where investment is not permitted. There is no restriction on investment from China. However, investments have to comply with all sectoral laws and regulations.

As per data base maintained by Department of Industrial Policy and Promotion (DIPP), no investment has been made by Chinese companies in Arunachal Pradesh during August, 1991 to January, 2008. No proposal for such investment is pending in DIPP.

(b) and (c) Proposals requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB), an inter-Ministerial body, which takes into account all factors, including security related issues. All concerns of National security sensitivity are being constantly addressed to suitably.

†Original notice of the question was received in Hindi